

**MINUTES OF THE
BUDGET COMMITTEE**

THURSDAY, SEPTEMBER 6, 2007

At a **Special Meeting** of the **Budget Committee**, held Thursday, September 6, 2007, in the Board Room, on the 9th Floor of the Administration Building, Mount Clemens, the following members were present:

Brown-Chair, Brdak, Bruley, Camphous-Peterson, Crouchman, DeSaele, Doherty, Duzyj, D. Flynn, J. Flynn, Gielegem, Lund, Mijac, Rengert, Roberts, Rocca, Sauger, Slinde, Switalski, Szczepanski and Tocco.

Absent and excused were DiMaria, Drolet, Haggerty, Torrice (death in family) and Vosburg.

There being a quorum of the committee present, Chair Brown called the meeting to order at 9:05 a.m.

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was recited.

AGENDA

MOTION

A motion was made by Camphous-Peterson, supported by Slinde, to adopt the agenda, as amended (to include items #6 and #7). **The Motion Carried.**

PUBLIC PARTICIPATION

Donna Cangemi, AFSCME Local 411

Ms. Cangemi addressed some of her concerns regarding information contained within the 19-page report that was provided in committee packets.

Denise Mentzer, 38552 Albert, Clinton Township

Ms. Mentzer spoke about an article that appeared in The Detroit News on August 1st that spoke about the county's pension plan.

RECEIVE AND FILE REPORT ON MACOMB COUNTY EMPLOYEES RETIREMENT SYSTEM AS PREPARED BY PLANTE & MORAN

MOTION

A motion was made by Rengert, supported by Camphous-Peterson, to receive and file the report on Macomb County Employees Retirement System as prepared by Plante & Moran.

Contained within committee packets was a 19-page document entitled, Macomb County Employees Retirement System. It was prepared by Plante & Moran.

Mr. Joseph Rankin, Partner, Employee Benefits Consulting, Plante & Moran gave a PowerPoint presentation. Key topics covered included: Agenda (Plan Status Overview, Historical Rate of Contributions and Returns, and Sample Defined Contribution Plan), General Overview Summary of Benefits, Sample Benefit Calculation, Assets and Accrued Liabilities, Difference Between Assets and Accrued Liabilities, Investment Rate of Return – Market, Rate of Investment Return – Actuarial Average, Employer Contributions as a Percentage of Payroll, Schedule of Funding Progress, Schedule of Employer Contributions, Issues, Ways to Reduce/Eliminate Funding Volatility, Defined Contribution Plans, Example Uniform Allocation, Example Defined Benefit “Allocation”, Example Age Weighted Allocation, and Recommendations.

A lengthy discussion ensued with Mr. Diegel about reasons why the county is running deficits, the need to find a way to pay for the 70-Point Plan, the difference between a defined contribution plan and a defined benefit plan, and older employees having a more expensive pension cost.

During discussion, Mr. Diegel informed commissioners that he should have within a month the actuarial report on what the health care cost of the 70-Point Plan is based on recent history.

Chair Brown stated that he intends to place on his next Budget Committee meeting agenda a motion asking the Board to approve hiring a consultant to go out and get the numbers, along with the actuary, to put together the cost of various options that the Board could take to help make reforms to the county’s pension system.

Mr. Diegel felt they definitely need the help of actuaries and financial experts to help them determine options. He noted that the City of Warren has a defined contribution plan, but their contribution is 15% of payroll. It is the same as the county’s normal cost, basically today, so if the county went to the City of Warren model of a defined contribution plan, the county would not save any money at all.

Board Chair Crouchman asked Mr. Diegel if it would be possible for any actuary that the county hires or uses to look into this, to have them work in conjunction with an actuary named by the various labor unions that we deal with.

Several questions were directed to Mr. Diegel and Mr. Rankin pertaining to the 19-page report. Most questions were directed at Page 4: Sample Benefit Calculation, Page 7: Investment Rate of Return – Market, Page 8: Rate of Investment Return – Actuarial Average, Page 10: Schedule of Funding Progress, and Page 11: Schedule of Employer Contributions.

Chair Brown called for a vote on the motion and **The Motion Carried.**

ADOPTION OF RESOLUTION

COMMITTEE RECOMMENDATION – MOTION

A MOTION WAS MADE BY GIELEGHEM, SUPPORTED BY DAVID FLYNN, TO RECOMMEND THAT THE BOARD OF COMMISSIONERS ADOPT A RESOLUTION HONORING THE OSTEOPATHIC SOCIETY FOR THEIR CONTRIBUTION IN BRINGING THE MSU SCHOOL OF OSTEOPATHIC MEDICINE TO MACOMB COUNTY (**OFFERED BY GIELEGHEM**). **THE MOTION CARRIED.**

EXECUTIVE SESSION TO DISCUSS LABOR NEGOTIATIONS

MOTION

A motion was made by DeSaele, supported by Duzyj, to enter into Executive Session for the purpose of discussing labor negotiations. **The Motion Carried.**

In accordance with the motion, committee entered Executive Session at 10:18 a.m., with it concluding at 11:10 a.m.

NEW BUSINESS

Commissioner Lund felt it was important when commissioners get the budget this year that the projections are based on actual employee salaries, not the high end. He then suggested inviting Mr. Al Lorenzo, who is stepping down from Macomb Community College, to the next Full Board meeting and present him with a resolution.

PUBLIC PARTICIPATION

Donna Cangemi, AFSCME Local 411

Ms. Cangemi stated that she would appreciate at some point if AFSCME would be given the opportunity to sit down with Mr. Diegel to go over numbers contained in the actuarial report. She commented that for most of her membership, a \$65,000 salary would have to be a long projection of the future, because the medium salary for her membership is about \$30,000. AFSCME Local 411 represents about one-third of county employees.

ADJOURNMENT

MOTION

A motion was made by Rengert, supported by Camphous-Peterson, to adjourn the meeting at 11:15 a.m. **The Motion Carried.**

Denise M. Jacks
Committee Reporter